

INTOSAI PUBLIC DEBT COMMITTEE MEETING

JUNE 7-8, 2004

MOSCOW, RUSSIAN FEDERATION

REPORT OF THE CHAIR

Welcome address

First of all, I want to express my gratitude for the hospitality and distinguished attentions offered by the Accounts Chamber of the Russian Federation. I would like also to acknowledge the outstanding organization of this meeting which, besides strengthening the INTOSAI on the issues of public debt auditing, is also a great opportunity to tighten the bonds among our Supreme Audit Institutions.

I want to extend a warm welcoming to the delegations of Brazil, Canada, Korea, United States of America, the Fiji Islands, Gabon, Lithuania, Portugal, Sweden, the Russian Federation and the United Kingdom, so as the representatives of the Initiative for the Development of INTOSAI (IDI). We also want to welcome the delegation of Bulgaria, which is attending this meeting as special guest.

I want to point out that I am honored to chair this Committee, made up of the representatives devoted to strengthening the accountability, transparency and supreme auditing. I want to thank all of you for your steady support to the attainment of our Committee's objectives.

Before starting the meeting, I would like to point out the fact that next October, during the celebration of the XVIII INCOSAI in Budapest, Hungary, I'll be appointed as First Vice-President of the INTOSAI, given that Mexico will organize the XIX Congress in 2007. Besides being a matter of pride both personally and officially for the Supreme Audit Institution of the Mexican Federation, this means a great opportunity to strengthen the Public Debt Committee activities from the privileged position which I will be honored with.

Public Debt Committee new members

The 30th of October, 2003, Mr. Valmir Campelo, President Minister of the Accounts Tribunal of the Union of Brazil sent a communication in which he requested the Public Debt Committee to be accepted as one of its members.

On November the 18th, the Chairmanship asked all the members of the Committee via E-Mail for comments on the Court of Audit of the Union of Brazil's petition. Every received remark on the integration of Brazil as an active member of our Committee was positive. Therefore, I warmly welcome the Court of Audit of the Union of Brazil to its first Public Debt Committee Meeting, and specially, I want to

thank Mr. Valmir Campelo for his interest on participating directly in our Committee's endeavors.

Agreements Follow up

I. Training activities

Training activities are the major priority of our work program. In the last meeting, held in Mexico City in June 2003 several agreements regarding training activities were reached. I'll make a brief description of the same so that Mr. Magnus Borge, General Director of the IDI and Mr. José Oyola, representative of the GAO, be able to describe the process and results of the training program in detail.

Background

In June 2002, during the annual meeting of the Public Debt Committee of the INTOSAI (PDC) held in Stockholm, Sweden, it was agreed to launch, in coordination with the IDI, a pilot public debt training program within the OLACEFS, which could become a model for other INTOSAI regions.

In December 2002 in Ottawa, Canada and in February 2003 in Panama City, Panama, as per the initiative of the Public Debt Committee, several meetings between the representatives of Canada, the United States of America, Mexico, IDI, OLACEFS were held, thus allowing the definition of the themes and the program of the Public Debt Auditors Regional Workshop.

This workshop was held for five weeks, from April the 28th to May the 30th, in Mexico City, with the attendance of 24 representatives of 12 Latin American and Caribbean Superior Audit Institutions: Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Nicaragua, Panama, Peru, Uruguay and Venezuela.

The main goal of this Workshop was to "train the trainers" so that the OLACEFS could count on an experts group to share its knowledge on this subject to all the region.

Outcomes stemmed from the annual meeting of 2003

During the annual Meeting of the Committee, held on June the 23th and 24th in Mexico City, it was agreed to select seven of the 24 experts who attended the regional Workshop were designated to participate in the Regional Course Design Meeting, which took place in Brasilia, Brazil, from the 18th to the 29th of August. These experts were duly designated, so the agreement reached in Mexico was fulfilled.

The main goals of the design meeting were the following:

- To define the participation of the seven experts for forthcoming courses within the frame of the training program.
- To outline the schedule of the first regional course on the subject.
- To prepare the necessary documentation in order to teach future courses on public debt auditing.

This meeting's resulting documents were handed over among other experts on this subject for their review and improvement, being the main goal to attain a high quality standard in the training program. Thus, another commitment of the 2003 Meeting was fulfilled, regarding the formation of a Public Debt Working Group made up of Canada, the United States of America, the United Kingdom and Mexico, headed by Mr. Oyola, who was to supervise the quality assurance of the training program.

The resulting documents of the Design Meeting were used during the first training course held in Cartagena, Colombia, from October the 27th to November the 7th, 2003.

This event meant the climax of the Public Debt Committee, the IDI and OLACEFS' efforts to improve the region's SAIs potential regarding public debt. 24 auditors from ten of the region's Supreme Auditing Institutions participated: Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Paraguay, Peru, Uruguay and Venezuela.

Thanks to its efforts, the OLACEFS can count on 24 auditors who possess a public debt knowledge duly reviewed under a rigorous quality system. This means that more accurate and best focused public debt audit processes will be held, thus enhancing the public debt management in the countries of the region.

As a continuation of this training effort within the OLACEFS, there was a Second Regional Course on Public Debt Auditing, from April the 26th to May the 7th, 2004, held in Santo Domingo, Dominican Republic. Two experts, eight instructors and 24 participants from Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, México, Peru and the Dominican Republic attended this event.

The course's contents and the quality of the lectures were outstanding. With the experience that was acquired within this second course, and the adjustments made to the contents and used material, the multiplying effect of the experiences and knowledge within other OLACEFS' Superior Auditing Institutions is guaranteed.

II. Investigation papers.

Regarding the final versions of the documents (1) "*Fiscal Exposures: Implications for Debt Management and the Role for SAIs*" prepared by the United States of America and (2) "*Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs*" prepared by Canada, during the Meeting held in Mexico it was agreed that the Arabic version of both documents would be printed according to INTOSAI's printing guidelines once the Superior Audit Institution of Jordan handed over the reviewed version of the documents, in order to certify the accuracy of the translation made by Mexico.

As soon as the documents from Jordan were received, the Mexican Superior Audit Institution proceeded with the aforementioned documents edition. These documents were printed on August the 19th and posted on the Committee's Website, thus fulfilling the agreements reached in Mexico. Also, the two mentioned documents will be presented in the five official languages during the XVIII INCOSAI which will take place next October in Budapest.

In the 2003 Committee Meeting it was agreed to create three new investigation papers:

- Public Debt Performance Audits and its Reference Terms, by Mexico.
- Compared Analysis on Public Debt Regulations, by Portugal
- Contingent Public Debt. The United Kingdom will conduct an investigation on INTOSAI member countries on that matter.

Presentations on these documents have been included in the meeting agenda that will be presented by representatives of the responsible countries.

Agenda

In order to accomplish the pending tasks and continue with the strategic actions of our Committee, I submit to your consideration this timetable.

During this day, June 7th, we will follow this agenda:

1. Briefing on the INTOSAI Development Initiative Training Programs, by Mr. Magnus Borge, IDI General Director.
2. Report on the outcomes of regional courses on Public Debt Auditing organized by PDC / IDI / OLACEFS, by the United States' GAO.

3. Presentation on the Experiences of the Russian Federation on Public Debt Auditing, by the Court of Accounts of the Russian Federation.
4. Report on the document "Comparative Analysis on Public Debt Regulations", by the Court of Accounts of Portugal.
5. Presentation of the document "Contingent Public Debt", by the NAO of the United Kingdom.
6. Presentation of the document "Substantive Tests Guidance", by the United States' GAO.

Tomorrow, June 8th, we will deal with the following topics:

1. Presentation of the document Reference Terms Exercise to carry out a Performance Audit on Public Debt, by the Superior Audit Institution of Mexico.
2. Presentation of the Audit Standards of State Debt and the Use of Debt Instruments, by the Superior Audit Institution of Bulgaria.
3. Presentation of the Strategic Plan prepared by the INTOSAI Task Force, by the United States GAO.
4. Presentation of the database on vulnerability and sustainability indicators of public debt, by the Superior Audit Institution of Mexico
5. Date and venue of the next Public Debt Committee meeting.
6. Other issues.
7. Definition of meeting's agreements.
8. Closing session.

According to this agenda, we will be able to finish our meeting tomorrow at midday.

With this report, prepared by the Chairmanship, it has been stated the progress on the Public Debt Committee activities, as well as the full accomplishment of the agreements as established in previous meetings.

Do not forget that I am at your service. I also thank you for your attendance to this meeting. I can assure this meeting will be very productive to fulfill the objectives of the Public Debt Committee, which always seeks for the INTOSAI strengthening as well as the permanent improvement of the SAIs.

PUBLIC DEBT COMMITTEE MEETING'S AGREEMENTS

JUNE 23 and 24, 2003
MEXICO CITY, MEXICO

Activity	Responsible	Proposed Closing Date
1. The following PDC members may act as Liaison Officers to the INTOSAI regional groups in order to develop other regional training programs if required. This can only be feasible after the approval of the pilot program.		To be discussed during the PDC meeting, June Russian Federation, 7 & 8, 2004.
OLACEFS	P.C.A. Arturo González de Aragón.	
AFROSAI	Mr. Frederick Siame	
ASOSAI	Mr. Kim Seongjun	
EUROSAI	Mr. John Thorpe	
ARABOSAI	Mr. Hamed Kasasbeh	
SPASAI	Mr. Mikaele Wara	
CARABOSAI	Pending	
2. Integration of the Public Debt Committee Task Force, composed by Canada, United States of America, the United Kingdom and Mexico, to assure the quality of the Training Program for Public Debt Auditors coordinated by IDI.	Mr. José Oyola (United States of America).	August 18-29, 2003. <u>(Fulfilled during the Regional Course Design Meeting, which took place in Brasilia, Brazil)</u>
3. Uploading the Arabic version of the publications <i>Report on the publication of the studies: "Public Debt Management and Fiscal Vulnerability: Potential Roles for SAIs" and "Fiscal Exposures: Implications for Debt Management and the Role for SAIs"</i> to the Committee's Web page.	Dr. Jorge Manjarrez Rivera (Mexico).	August 19, 2003 <u>(Fulfilled)</u>
4. Presentation of the document "Substantive Tests Guidance". First version.	Mr. José Oyola (United States of America).	June 7, 2004 <u>(Fulfilled)</u>
5. Comparative analysis on Public Debt Regulations in INTOSAI members.	Mrs. Teresa Nunes and Mr. Luis Manuel Queimado (Portugal).	June 7, 2004 <u>(Fulfilled)</u>
6. Research on Contingent Public Debt in INTOSAI members.	Mr. Mark Allen and Mr. James Ferris (United Kingdom).	June 7, 2004 <u>(Fulfilled)</u>

Activity	Responsible	Proposed Closing Date
7. Presentation Performance Audit on Public Debt and its Reference Terms.	Mr. Roberto Salcedo Aquino (Mexico).	June 8, 2004 <u>(Fulfilled)</u>
8. To put forward the final version of the training program and its outcomes before PDC members as well as the INTOSAI members.	All the Public Debt Committee members.	To be discussed during the PDC Meeting, Russian Federation, June 7 & 8, 2004